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STATE PASS USTR FOR BWEISEL, DBELL, JMCHALE, MLINSCOTT, VESPINEL,  
AND AMATTICE  
COMMERCE FOR JBAKER

E.O. 12958: N/A

TAGS: [ETRD](#) [EFIN](#) [EINV](#) [ECPS](#) [SENV](#) [KIPR](#) [ECON](#) [SN](#)  
SUBJECT: FTA IMPLEMENTATION ON DAUSTR BELL'S AGENDA

REFS: A) Singapore 996 B) Singapore 1134 C) Singapore 1167

¶1. (SBU) Summary: In meetings to discuss implementation progress under the U.S.-Singapore Free Trade Agreement (FTA), Deputy Assistant U.S. Trade Representative Doug Bell cited Singapore's failure to fulfill its telecom commitments as our top concern. GOS officials agreed that additional flexibility is needed to resolve this longstanding issue. On IPR protection, Singapore said it is still considering the merits of signing the Anti-Counterfeiting Trade Agreement (ACTA). In response to a request to join a regional dialogue on illegal logging, GOS officials said they are "perplexed" about how Singapore can play a role as an intermediary transshipment point. DAUSTR Bell also raised FTA-related issues related to the energy sector, financial services, and regional trade liberalization initiatives. End summary.

¶2. (U) DAUSTR Bell focused on implementation of the FTA and regional trade issues during his initial visit to Singapore September 11-12. In addition to his discussions with GOS officials from the Ministry for Trade and Industry (MTI), the Ministry for Environment and Water Resources (MEWR), the Infocomm Development Authority (IDA), and the Energy Market Authority (EMA), he also met with Verizon Business, Island Power (Intergen), Citibank, Hewlett Packard, United Parcel Service, the Singapore Association of Pharmaceutical Industries (SAPI), the American Chamber of Commerce, and representatives from intellectual property business associations. DAUSTR Bell's discussions on ASEAN are reported septel.

Telecom - Tandem Access  
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¶3. (SBU) DAUSTR Bell told IDA Acting Director (International) Hanafiah Muhammed (and MTI Director for Trade Lionel Yeo separately) that Singapore's failure to fulfill its telecom commitments remains our top FTA implementation concern. He underscored that offering high-speed tandem access (i.e., access to dominant carrier SingTel's leased lines at economically efficient points of aggregation) is consistent with Singapore's FTA obligations; tandem access stands out as the best solution to ensure that telecom providers receive fair and equitable treatment. DAUSTR Bell emphasized that the USG takes little comfort in GOS officials' recent statements that the access issue will "go away" after Singapore deploys its "Next Generation" and "Intelligent Nation 2015" (iN2015) broadband and infocomm networks. Singapore still needs to meet its current FTA obligations and the government's track record on telecom to date

casts doubt on how effectively it will address access issues in the future, he said. Director Muhd asserted that Singapore's obligation under the FTA is to provide "reasonable" but not tandem access. He defined "reasonable" as encompassing areas such as regulated rates and groomed circuits. DAUSTR Bell countered that this obligation also implied that it make available the same type of access for all telecom players. Singapore providers in the United States, for example, enjoy a tandem access option.

#### Telecom - Local Exchange Closures

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14. (SBU) DAUSTR Bell expressed his appreciation for Singapore's recent decision to extend the notification period for SingTel to inform IDA about planned local exchange closures. But he questioned why SingTel continues to remain silent on its planned consolidation, first announced in June 2006 (ref B). Director Muhammed said that SingTel has not yet communicated its intentions to IDA. He wondered whether, as a regulator, IDA might be able to require SingTel to provide a guarantee that it would not close a certain local exchange as a way to ensure some certainty of access and availability to other telecom providers. DAUSTR Bell welcomed further discussions of this kind, noting that it is important for both sides to seek solutions that conform to all FTA commitments.

#### Telecom - Multilateral Cooperation

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15. (SBU) Director Muhammed asked for USTR's advice on how best to use platforms like the ASEAN Telecom, Telecom Council, and IT annual meetings to improve regional telecom regulators' knowledge of trade rules and regulations. DAUSTR Bell said he would follow up with a response in the next several weeks. Muhammed cautioned that some

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resistance to the USG's efforts under the ASEAN-U.S. Enhanced Partnership exists, especially among Malaysia, Thailand, and Vietnam. He suggested that the USG seek more input from ASEAN members before developing a full proposal. Singapore can play a role in encouraging other countries to support such initiatives, he offered.

#### Information Technology Agreement

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16. (SBU) DAUSTR Bell expressed concern that the European Union is unwilling to back down from its plan to pursue changes in the Information Technology Agreement (ITA). He noted that the EU proposal would result in tariff increases from zero to fourteen percent -- affecting approximately US\$200 million of Singapore's exports to the EU. He said that USTR is likely to ask for WTO consultations and hopes that Singapore will join the United States in this process. MTI Senior Assistant Director (Trade) Alpina Roy noted that MTI Minister LIM Hng Kiang recently told USTR Schwab that Singapore is willing to engage the EU on this issue.

#### Intellectual Property

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17. (SBU) DAUSTR Bell urged the GOS to proceed with a planned digital video conference to discuss intellectual property rights (IPR) issues raised during the FTA review in May, in particular our desire for Singapore to join the Anti-Counterfeiting Trade Agreement (ACTA) and to clarify Singapore's law governing Internet rebroadcasts (i.e., simulcasts). Senior Assistant Director Roy said that the Ministry of Law is still evaluating the ACTA proposal; MinLaw was particularly interested in receiving a read-out of the USG's recent ACTA discussions with Japan.

#### Regional Illegal Logging Initiative

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18. (SBU) DAUSTR Bell asked Singapore to join a regional dialogue on illegal logging and associated trade and delivered a nonpaper formalizing this request. Building on the bilateral initiative between the United States and Indonesia, as well as discussions with

Malaysia, the Philippines, and China, the USG believes that a multilateral approach will be more effective to combat illegal logging, he said. Director Yeo noted that Singapore is concerned about illegal logging, but more from an environmental protection perspective. Singapore feels "powerless" to control the trade in timber since this is an issue that must be addressed at points of origin and points of demand, not at an intermediary port, he claimed. Singapore will enforce its laws, but it remains "perplexed" about how it can play a role in this process. DAUSTR Bell said that it is important that countries involved at all aspects of the timber trade come together to discuss their respective competencies and to exchange ideas about possible solutions. Director Yeo did not make any commitments, but said MTI will consider the regional dialogue proposal.

#### Energy - Island Power

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¶9. (SBU) DAUSTR Bell expressed his hope that the Energy Market Authority (EMA) can move quickly to clear the remaining obstacles that continue to prevent Island Power -- a subsidiary of InterGen, a U.S. company -- from bringing its multimillion dollar power generation investment to fruition. An EMA representative said that, although Parliament had passed the Gas Act in May, the approval process for Island Power must proceed slowly to allow sufficient time for the new legislation to be implemented (ref C).

#### Credit Cards and ATMs

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¶10. (SBU) DAUSTR Bell told Director Yeo that USTR has received inquiries from industry about ATM access for individuals using credit cards issued locally by foreign banks. Although the issue might not raise FTA-specific questions, he suggested that the GOS consider additional outreach to address consumer and provider uncertainties. The USG also may want to consider a more formal Financial Services Committee process facilitated by Treasury to discuss a broad range of technical sectoral issues and follow up on

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financial services consultations agreed to in the FTA. Director Yeo said he would convey industry's concerns to Monetary Authority of Singapore officials and provide an appropriate point of contact.

#### Regional FTA Initiatives

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¶11. (SBU) DAUSTR Bell raised the possibility of holding exploratory talks in Washington in October on regional liberalization initiatives and possible U.S. involvement in the P-4 Agreement between Singapore, Brunei, New Zealand, and Chile. Director Yeo said that Singapore welcomes such discussions.

¶12. (U) DAUSTR Bell cleared this message.

SHIELDS